

## Message Text

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PAGE 01 BUENOS 06262 121106Z  
ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06  
LAB-04 SIL-01 AGR-01 /106 W  
-----077746 121114Z /21

R 112001Z AUG 78  
FM AMEMBASSY BUENOS AIRES  
TO SECSTATE WASHDC 0000

UNCLAS BUENOS AIRES 6262

E.O. 11652: N/A  
TAGS: ALOW, EFIN, AR  
SUBJECT: ARGENTINA: INFLATION IN JULY

1. THE CONSUMER PRICE INDEX (CPI) ROSE 6.6 PERCENT IN JULY, BRINGING THE TOTAL INCREASE FOR THE FIRST SEVEN MONTHS OF 1978 TO 80.7 PERCENT AND FOR THE PRECEDING YEAR TO 186.7 PERCENT. THE BREAKDOWN OF THE CPI INCREASES BY SECTOR IN JULY ARE AS FOLLOWS: FOOD -- 4.1; CLOTHING -- 5.1; HOUSING, FUEL, AND ELECTRICITY -- 11.4; HOUSEHOLD FURNISHINGS AND OPERATIONS -- 7.1; MEDICAL CARE -- 6.7; TRANSPORTATION AND COMMUNICATIONS -- 7.9; RECREATION AND EDUCATION -- 11.6; AND MISCELLANEOUS -- 10.7.

2. THE WHOLESALE PRICE INDEX (WPI) INCREASED 4.8 PERCENT IN JULY, BRINGING THE TOTAL INCREASE FOR THE FIRST SEVEN MONTHS OF 1978 TO 65.3 PERCENT AND FOR THE PAST 12 MONTHS TO 154.9 PERCENT. THE WHOLESALE PRICES OF IMPORTED PRODUCTS ROSE ONLY 1.5 PERCENT REFLECTING THE LOWER RATES OF DEVALUATION IN RECENT MONTHS -- E.G. 1.6 PERCENT IN JUNE AND 2.2 PERCENT IN JULY. PRICES OF DOMESTIC PRODUCTS, ON THE OTHER HAND, ROSE 5.1 PERCENT.

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3. COMMENT: THE INFLATION RESULTS FOR JULY WERE A DISAPPOINTMENT IN LIGHT OF EARLIER INDICATIONS FROM THE RIVER PLATE REVIEW AND OTHER PRIVATE SOURCES THAT PRICE RISES FOR THE MONTH WOULD BE SIGNIFICANTLY LOWER THAN IN JUNE. THE LAG OF THE DEVALUATION OF THE DOLLAR IN RELATION TO THE INTERNAL RATE OF INFLATION

CONTINUED TO BE A MAJOR CONCERN TO EXPORTERS, PARTICULARLY OF MANUFACTURED PRODUCTS, WHO ARE BECOMING INCREASINGLY VOCAL ABOUT THEIR DECLINING COMPETITIVENESS IN INTERNATIONAL MARKETS. AMERICAN PERSONNEL ASSIGNED TO BUENOS AIRES HAVE SEEN THE LOCAL PURCHASING POWER OF THEIR DOLLARS DECLINE 25.5 PERCENT DURING THE FIRST SEVEN MONTHS OF 1978.  
CASTRO

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INFLATION, ECONOMIC DATA  
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**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**Disposition Event:**  
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